

SHARED CREDIT RATING ACT (EXCERPT)
Act 227 of 1985

141.1058 Purchase of municipal obligations by authority; bonds or notes of authority; expenses; preferential treatment in rate of interest; forgiving or relinquishing interest or principal of obligation; purchase of qualified bonds of school district; additional purchase.

Sec. 8. (1) The authority may lend money to a governmental unit through the purchase by the authority of municipal obligations of the governmental unit in fully marketable form. The authority may authorize and issue its bonds or notes payable solely from the revenues or funds available to the authority, and to otherwise assist governmental units.

(2) Bonds and notes of the authority shall not be in any way a debt or liability of this state and shall not create or constitute any indebtedness, liability, or obligations of this state or be or constitute a pledge of the faith and credit of this state but all authority bonds and notes, unless funded or refunded by bonds or notes of the authority, shall be payable solely from revenues or funds pledged or available for their payment as authorized in this act. Each bond and note shall contain on its face a statement to the effect that the authority is obligated to pay the principal of and the interest on the bond or note only from revenues or funds of the authority and that this state is not obligated to pay the principal or interest and that neither the faith and credit nor the taxing power of this state is pledged to the payment of the principal of or the interest on the bond or note.

(3) All expenses incurred in carrying out this act shall be payable solely from revenues or funds provided or to be provided under the provisions of this act, and nothing in this act shall be construed to authorize the authority to incur any indebtedness or liability on behalf of or payable by this state.

(4) Unless approved by a concurrent resolution of the legislature and except as permitted by section 16a, 16b, or 16c, the authority shall not provide preferential treatment in the rate of interest for a particular municipal obligation purchased by the authority that is based upon other than financial and credit considerations and shall not forgive or relinquish all or part of the interest or principal of a particular municipal obligation or of municipal obligations of a particular purpose.

(5) The authority may purchase bonds issued by school districts that are qualified bonds under a school loan act. Except as provided in subsection (6), the principal amount of the qualified bonds purchased by the authority in any calendar year shall not exceed 7.5% of the principal amount of qualified bonds issued by school districts in the immediately preceding calendar year. The authority may also purchase or accept by assignment from this state municipal obligations that are loan repayment obligations from a school district on a qualified loan made by this state under a school loan act. Municipal obligations acquired by the authority under this subsection are not required to be in fully marketable form.

(6) In addition to qualified bonds purchased under subsection (5), the authority may purchase qualified bonds issued by school districts not later than September 30, 2004 to obtain funds to repay all or a portion of the outstanding balance of a loan under 1961 PA 108, MCL 388.951 to 388.963, on the terms and conditions and subject to the requirements provided by or pursuant to a resolution of the authority. Bonds issued by the authority to purchase school district qualified bonds under this subsection shall be issued in an amount sufficient to provide and pay the reasonable costs of issuance incurred by the school districts as determined by or pursuant to a resolution of the authority.

History: 1985, Act 227, Eff. Mar. 31, 1986;—Am. 1996, Act 241, Imd. Eff. June 10, 1996;—Am. 1997, Act 27, Imd. Eff. June 17, 1997;—Am. 2000, Act 416, Imd. Eff. Jan. 8, 2001;—Am. 2003, Act 109, Imd. Eff. July 24, 2003;—Am. 2005, Act 93, Imd. Eff. July 20, 2005.